



DERBY CITY COUNCIL

**COUNCIL CABINET**  
**16 MAY 2006**

Cabinet Member for Children's and Education Services

# ITEM 7

## **Changes to Adult Learning Service fees resulting from the Learning and Skills Council 'Agenda for Change'**

### **SUMMARY**

- 1.1 We need to review and amend Adult Learning Service fee policy in response to the Learning and Skill Council's (LSC) 'Agenda for Change'.
- 1.2 We need to consider changes to locally agreed fee discounts and to consider increasing course fees from 1 August 2006.
- 1.3 Subject to any issues raised at the meeting I support the following recommendation.

### **RECOMMENDATIONS**

- 2.1 That a reduction in locally agreed fee discounts is approved.
- 2.2 That variable increases in course fees are agreed from 1 August 2006 as outlined in paragraph 1.13 in the following report.

### **REASON FOR RECOMMENDATION**

- 3.1 Changes in LSC funding will reduce the level of funding to the Adult Learning Service by £344,463 in the 2006-07 funding year. The reduction is from £3,093,146 in 2005-06 to £2,748,683 in 2006-07.
- 3.2 There is an expectation from the LSC that the shortfall in funding will be made up from an increase in fees and changes to non-LSC supported fee discounts. The LSC funding methodology already assumes that 27.5% of costs are met from fee income. This percentage will increase to 32.5% in 2006-07 rising to 50% by 2008.
- 3.3 A re-focusing in LSC priorities for funding will impact on the content and delivery of Adult Learning Service courses from August 2006.



## **Changes to Adult Learning Service fees resulting from the Learning and Skills Council 'Agenda for Change'**

### **SUPPORTING INFORMATION**

**1.1 The LSC 'Agenda for Change' is based on:**

- The need to prioritise the funding available for 16-19 year-olds. This will result in a reduction in funding for 19+ education
- The need to increase the skills of the workforce to ensure the country becomes more economically competitive on the world stage.

**1.2 Funding priorities for 19+ will be ranked as follows:**

- Skills for Life provision with a nationally recognised qualification. (Literacy, Numeracy, English as a Second Language, pre-entry provision for adults with learning difficulties)
- Level 2 provision and courses which offer a full level 2 (programmes offering 5 GCSEs at Grades A to C, N VQ 2s or programmes offering a mix of Level 2 components which equate to a full Level 2)
- Employer Engagement activities/Workforce Development for employees
- Leisure courses which offer First Steps opportunities and which can be proved to lead to progression to a course offering a nationally recognised qualification
- Leisure courses which are purely for personal development and do not lead to a nationally recognised qualification.

**1.3 The Adult Learning service has reviewed and re-focused its course offer and delivery in order to meet the above priorities. Programmes have been re-named in order to reflect their nature and to conform to LSC priorities. The Skills Booster Programme focuses on qualifications courses from pre-entry Skills for Life activity to courses up to Level 3 (A level equivalent standard). The Start Programme will focus on courses which lead directly to those on the Skills Booster Programme, The Scope Programme will focus on personal development courses and will also offer a Day Course Programme with taster activities designed to offer progression to the main Scope Programme. Changes have also been made to course structure and to delivery times. This will maximise funding, use of accommodation and fee income potential.**

**1.4 The LSC expects 27.5% of 05-06 course costs to be met from fee income. This will rise to 32.5% in 2006-07, and will reach 50% by 2008.**

- 1.5 In the 2004-05 year only 3% of costs were met from fee income in Derby. Total fee income paid and/or collected for that year was £89,000.
- 1.6 Low fee income results from the current fee structure, which includes historical local fee discounts. These fee discounts were approved when the Adult Learning Service was part of Derbyshire County Council. The non- collection and non- payment of fees also contributes to low fee income. The amount that should have been collected in 2004-05 was £213,800 which means that £124,800 was either not collected or not paid.
- 1.7 Locally agreed fee discounts are as follows:
1. 25% reduction in all course fees for people who are 60 or over (737 enrolments)
  2. A single fee of £5.00 each term for I.T. courses (1569 enrolments)
  3. 50% reduction for learners on Leisure courses who are in receipt of a means tested benefit(296 enrolments)
  4. 100% reduction for Learners on Sign Language courses who have a close family member who is deaf (34 enrolments)
  5. 25% discount to Passport to Leisure holders (approximately 40 enrolments)
  6. 50% reduction to Council employees studying qualification courses in their own time (approximately 20 enrolments)

The subsequent loss of income resulting from these fee discounts in the 2004-05 year is estimated to have been £147,200.

- 1.8 LSC fee discounts on Skills for Life and Qualification Courses are also available. However, the LSC subsidises the loss of fee income, by modifications within the funding methodology.
- 1.9 If there had been no locally agreed fee discounts and all fees had been paid and collected fee income for 04-05 would have amounted to £361,000.
- 1.10 In the 2006-07 funding year the LSC expects 32.5% of course costs to be met from fee income.
- 1.11 Course costs for 2006-07 are expected to be £2,331,000 32.5% of these costs is £757,575.

In order to generate this amount of fee income it is recommended that the following changes to locally agreed fee discounts be adopted:

1. The 25% fee reduction for the over 60's should be withdrawn.
2. ICT courses should be charged at the same fees as other qualification and non-qualification courses.
3. 50% reduction for learners on Leisure courses who are in receipt of a means tested benefit(296 enrolments)
4. 100% reduction for Learners on Sign Language courses who have a close family member who is deaf (34 enrolments)
5. The 25% reduction for Passport to Leisure holders should be withdrawn.
6. Offer a 100% reduction to Council employees following Skills for Life courses or a full level 2 qualification in their own time.

- 1.12 If Council Cabinet wishes to keep certain fee discounts then these would have to be met from the overall Council budget which has already been approved.
- 1.13 In addition fees will need to be raised from 1 August 2006. This year Adult Learning fees are £1.60 an hour for qualification and £2.60 an hour for non-qualification courses. Consideration should be given to increasing fees from August 2006 as follows:
- Increase fees for qualification courses (Skills Booster Programme) from £1.60 an hour to £2.30 an hour to reduce the gap between fees for qualification courses and those for non-qualification courses
  - Introduce a tiered system of fees for non-qualification courses with a fee of £2.30 an hour for Start courses and £3.30 an hour for Scope courses. Late enrolments on Start and Scope courses would be charged pro-rata fees.
- 1.14 In the 2007-08 year the LSC expects 50% of course costs to be met from fee income. Additional fee increases will be necessary with fees for Skills Booster and Start courses rising to £3.00 an hour and those for courses on the Scope programme to £4.00 an hour.
- 1.15 In order to maintain a break even budget in 2006-07, £449,464 of fees will need to be collected.
- 1.16 If no changes are made to the current fee structure the Adult Learning Service will no longer be able to operate within budget.

#### **OTHER OPTIONS CONSIDERED**

- 2.1 An alternative course of action would be to seek external funding to cover some course fees, particularly those of learners living in disadvantaged areas or those coming from disadvantaged groups.
- 2.2 The only major source of funding would be the Neighbourhood Renewal Fund managed by the External Funding Unit, however this is over subscribed for the 06-07 financial year and has very little available to bid into in the 07-08 year.

**For more information contact:** Jenny German Head of Adult Learning  
**Background papers:** LSC Agenda for Change Documentation October 2005  
**List of appendices:** Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 In order to avoid a substantial loss of funding as a result of the LSC Agenda for Change the Adult Learning Service will need to ensure fee income rises at the same rate and level as proposed reductions in funding.
- 1.2 Unless locally agreed fee discounts are discontinued Adult Learning Service fee income generation potential will continue to be constrained.
- 1.3 Without an increase in fees and the withdrawal of locally agreed fee discounts the Adult Learning Service will no longer be able to remain within budget. This will result in substantial budget pressures from 2006-07.

**Legal**

2. None.

**Personnel**

3. The employment of management, teaching, admin and support staff may be affected by a reduction in learner numbers resulting from either fee increases and/or changes to locally agreed fee discounts.

**Equalities impact**

- 4.1 Learners on Literacy, Numeracy, English for Speakers of Other Languages courses, full Level 2 qualification courses and pre-entry level learners with learning difficulties and disabilities will still receive full fee remission through the LSC weighting factor for these courses.
- 4.2 Learners on qualification courses in receipt of means tested benefits will qualify for a 100% reduction in course fees, and those on non-means tested benefits a 50% reduction. Learners on non-qualification courses will receive a 50% reduction if they are on means tested or non means tested benefits.
- 4.3 There will be a substantial impact on the neighbourhood renewal agenda as some courses will no longer draw down LSC funding. These courses have been offered as taster courses which provided a hook into learning and were offered at no cost.
- 4.4 Consultation will need to take place with a range of groups and organisations who changes to fees may affect.

**Corporate objectives and priorities for change**

5. The report links to the following of the Council's Corporate Objectives:
  - a stimulating and high quality learning environment
  - a shared commitment to regenerating our communities.